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Registered-Return Receipt Requested

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Attention:

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Subject : Contract KD-35, Task Order 2 -- Overtime

Gentlemen:

Your letter of May 5, 1954, No. 1182, advised that overtime was worked during the months of May and June, 1953 under the subject task. The premium time expense was incurred without prior approval through inadvertence. The straight time cost was allocated as a direct charge to the contract and the premium time was charged to indirect expense in accordance with the following schedule:

<u>Employee</u>	<u>Date</u>	<u>Check No.</u>	<u>Straight Time</u>	<u>Overtime</u>	<u>Total</u>
	May 1953	551	\$ 43.83	\$ 21.91	\$ 65.74
	June 1953	597	12.30	6.15	18.45
	May 1953	555	53.60	26.80	80.40
	June 1953	612	13.60	6.80	20.40
	May 1953	556	52.25	26.13	78.38
	June 1953	638	15.20	7.60	22.80
	May 1953	557	118.45	59.22	177.67
	June 1953	644	20.19	10.10	30.29
			<u>\$ 529.42</u>	<u>\$ 164.71</u>	<u>\$ 694.13</u>

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At the time of the review of your cost records during the recent audit of your accounts, the fact was verified that the overtime was incurred and has been properly reflected on your records.

In accordance with the requirement of Article 5(e), Overtime of the basic contract, the overtime performed in the past is approved with the understanding that the premium payments were made against funds allocated to the contract prior to incurring the expense. No increase in the maximum allowable cost, as stated in the contract, shall result from the premium time expense.

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The premium portion of the overtime will be allowed in computing overhead in accordance with generally accepted accounting procedures; that is, the regular rate for the overtime hours worked is chargeable as a direct cost and the premium rate is chargeable as an indirect cost.

Very truly yours,

[Redacted Signature]

Contracting Officer

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LO/PD/A&IB/MCH:djh (14 May 1954)

Distribution:

- Orig & 1 - Addressee
- 1 - RD-35, TO 2
- 1 - Chrono
- 1 - Vital Records
- 2 - ICABranch
- ~~1 - Engineering Div/OC~~

[Redacted]

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